

Message Text

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PAGE 01 STATE 025969
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INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EUR/SE:RCEWING:RAH
APPROVED BY C:MNIMETZ
EUR:GSVEST
S/S-O:LRFLEISCHER
S:GMITCHELL
S/S-O:LRFLEISCHER

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O R 010130Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY ATHENS IMMEDIATE
INFO AMEMBASSY ANKARA
AMEMBASSY NICOSIA
USMISSION USNATO
USCINCEUR

C O N F I D E N T I A L STATE 025969

EXDIS - MILITARY HANDLE AS SPECAT EXCLUSIVE, FOR GEN. HAIG ONLY

E.O. 11652: GDS

TAGS: MASS, GR, TU

SUBJECT: FY 79 SECURITY ASSISTANCE FOR GREECE

REF: (A) ATHENS 807, (B) ATHENS 863

1. GREEK AMBASSADOR ALEXANDRAKIS CALLED ON SECRETARY
JANUARY 30 ON INSTRUCTIONS FROM PRIME MINISTER CARAMANLIS
CONCERNING PROPOSED FY 79 SECURITY ASSISTANCE FOR GREECE.
COUNSELOR NIMETZ, ASSISTANT SECRETARY VEST AND EUR/SE
DIRECTOR EWING WERE ALSO PRESENT FOR MEETING WHICH LASTED
ABOUT 15 MINUTES.
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2. ALEXANDRAKIS, SPEAKING FROM NOTES, RECALLED THAT PRIME
MINISTER CARAMANLIS HAD VERY MUCH APPRECIATED USEFUL
DISCUSSIONS WITH SECRETARY IN ATHENS AND THEREFORE HAD
ASKED THAT AMBASSADOR APPROACH SECRETARY DIRECTLY WITH GOG
VIEWS. CARAMANLIS HAD HIGH EXPECTATIONS FOLLOWING MEETING
WITH SECRETARY THAT IMPROVEMENT IN US-GREEK RELATIONS WOULD

OCCUR, BUT WAS NOW DEEPLY CONCERNED THAT ADMINISTRATION'S PROPOSALS FOR 1979 SECURITY ASSISTANCE FOR GREECE AND TURKEY COULD CREATE NEW SITUATION WHICH MIGHT SET BACK HIS BEST EXPECTATIONS OR HAVE EVEN WORSE EFFECTS.

3. PROPOSALS WOULD CERTAINLY BE PERCEIVED AS AN AFFRONT TO GREECE AND TO THE PRIME MINISTER WHEN THEY BECAME PUBLICLY KNOWN. THEY WOULD GIVE AMMUNITION TO THE PRIME MINISTER'S OPPONENTS AND AROUSE BITTER FEELINGS SINCE THE PROPOSALS AMOUNTED TO DISCRIMINATION AGAINST GREECE AND IN FAVOR OF TURKEY. THEY WOULD HAVE THE EFFECT OF ELIMINATING THE POLITICAL MEANING OF THE EMBARGO. ALEXANDRAKIS SAID IT WOULD BE VERY DIFFICULT TO EXPLAIN TO THE GREEK PUBLIC WHY GREECE WAS BEING CUT WHILE TURKEY GOT THE SAME AID LEVEL AS IN 1978. IT WAS ALSO HARD TO EXPLAIN WHY NO GRANT WAS SUGGESTED FOR GREECE SINCE THERE WAS NO DCA WHILE AT THE SAME TIME IT WAS SUGGESTED THAT THE PROPOSED FMS CREDIT LEVEL WAS RELATED TO THE DCA.

4. IN SHORT, ALEXANDRAKIS SAID THE ADMINISTRATION'S PROPOSALS COULD ONLY BE INTERPRETED AS PRESSURE ON GREECE TO SIGN THE DCA. BUT ALEXANDRAKIS SAID IF THIS WERE WHAT WAS INTENDED, IT WOULD HAVE THE OPPOSITE EFFECT. IT WOULD ALSO HINDER THE EFFORTS OF CARAMANLIS TO FOLLOW A CONSTRUCTIVE APPROACH ON OUR DIFFICULT PROBLEMS.

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5. ALEXANDRAKIS SAID HE KNEW IT WAS AN INTERNAL U.S. MATTER BUT THIS SEEMED THE WORST POSSIBLE MOMENT FOR THE U.S. TO SEEK TO LIFT EMBARGO RESTRICTIONS ON TURKEY AS SEEMED TO BE SUGGESTED BY THE RECENT INTERVIEW GIVEN THE TURKISH PRESS BY AMBASSADOR SPIERS.

6. ALEXANDRAKIS SAID THE PRIME MINISTER HOPED THAT SECRETARY WILL BE ABLE TO RECONSIDER PROPOSALS IN ORDER TO REDRESS SITUATION. CARAMANLIS FULLY APPRECIATED SECRETARY'S DEEP CONCERN FOR PEACEFUL EVOLUTION IN THE AREA AND IS CONVINCED THAT THE ADMINISTRATION'S 1979 SECURITY ASSISTANCE PROPOSALS AS PRESENTLY FORMULATED WOULD HAVE A NEGATIVE POLITICAL IMPACT AND RISK A DETERIORATION OF THE SITUATION.

7. THE SECRETARY RESPONDED THAT THE FIGURES IN THE BUDGET DOCUMENT REPRESENT DCA FIRST-YEAR ASSISTANCE LEVELS. THE PROPOSED 1979 FMS CREDIT FIGURE FOR GREECE IS LOWER THAN IN 1978 BECAUSE GREECE CHOSE TO FRONTLOAD THE GRANT ELEMENT OF THE DCA. THE SECRETARY SAID HE UNDERSTOOD THE PROBLEMS THAT THE PROPOSALS POSED FOR THE GOG, BUT THE BUDGET HAD ALREADY BEEN APPROVED BY THE PRESIDENT AND ANY CHANGES AT

THIS POINT WOULD PRESENT EXTRAORDINARY DIFFICULTY.

8. NIMETZ ADDED THAT THE ADMINISTRATION HAD ONLY SOUGHT GRANT ASSISTANCE FOR FOUR COUNTRIES AND THAT GREECE AND TURKEY COULD QUALIFY ONLY THROUGH THEIR RESPECTIVE

DEFENSE AGREEMENTS COMING INTO EFFECT. SPAIN WAS IN A SIMILAR SITUATION, WHILE THE OTHER THREE RECIPIENTS HAD DIFFICULT ECONOMIC PROBLEMS. WITH REGARD TO ALEXANDRAKIS' SUGGESTION THAT THE PROPOSALS ABROGATE THE EFFECT OF THE STATUTORY RESTRICTION ON TURKEY, NIMETZ POINTED OUT THAT GREECE HAD NO RESTRICTIONS ON FMS PURCHASES WHILE TURKEY WAS SEVERELY LIMITED BY SECTION 620 (X). WE HAD SOUGHT TO BE EVEN HANDED IN OUR APPROACH. IF FOR BUDGET PURPOSES WE
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9. THE SECRETARY RECALLED THE EXTREMELY USEFUL CONVERSATION HE HAD IN ATHENS WITH PRIME MINISTER CARAMANLIS AND THE STRONG CONVICTION WHICH WAS EXPRESSED BY BOTH SIDES IN FAVOR OF STRONGER BILATERAL RELATIONS. HE EXPRESSED THE HOPE THAT WE WOULD SOON RETURN TO THE KIND OF FOOTING WE BOTH DESIRED. THE SECRETARY SAID HE HAD TAKEN NOTE OF WHAT ALEXANDRAKIS HAD SAID, BUT NOTED THAT HE DID NOT WANT TO CREATE ANY KIND OF EXPECTATION THAT THE FIGURES COULD BE REVISED.

10. ALEXANDRAKIS SAID THAT WHAT APPEARED TO BE EQUAL TREATMENT WAS REALLY VERY UNEQUAL, PARTICULARLY IN A POLITICAL SENSE. HE ASKED WHETHER THIS REPRESENTED A NEW U.S. POLICY DECISION. THE SECRETARY RESPONDED THAT IT DID NOT REFLECT A NEW U.S. POLICY APPROACH.

11. IN CLOSING, THE SECRETARY SAID HE DID NOT WANT TO
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CREATE ANY FALSE EXPECTATIONS THAT THERE COULD BE ANY
CHANGES IN THE REQUEST, ALTHOUGH HE PROMISED THAT HE WOULD
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OCTOBER 1. VANCE

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ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 /016 R

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DRAFTED BY EUR/SE:RCEWING

APPROVED BY EUR:JSHINN

S/S:MCEURVORST

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FM SECSTATE WASHDC

INFO AMEMBASSY THE HAGUE 0000

C O N F I D E N T I A L STATE 025969

EXDIS, FOR AMBASSADOR MCCLOSKEY ONLY

FOL RPT STATE 025969 ACTION ATHENS INFO ANKARA NICOSIA
USNATO USCINCEUR 1 FEB 78 QUOTE

C O N F I D E N T I A L STATE 025969

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UNQUOTE VANCE

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Draft Date: 01 feb 1978
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